

January 13, 2006

Senator Nancy B. Sullivan, Chair  
Representative Anne C. Perry, Chair  
Joint Standing Committee on Insurance and Financial Services  
100 State House Station  
Augusta, ME 04333-0100

Re: Market Conditions for Life Settlements

Dear Senator Sullivan and Representative Perry:

This letter is to report on the market conditions for life settlements in Maine in accordance with P.L. 2003, c. 636 §19. In 2003, the Legislature amended the Maine Insurance Code to allow for “life settlements” as well as “viatical settlements.” Life settlements and viatical settlements both allow for a person holding a life insurance policy to sell to a third party. The major distinction between the two is that viatical settlements concern individuals with life threatening illnesses. Life settlements do not require the seller to have a life threatening illness.

As life settlements were not allowed in Maine prior to this legislation, Section 19 of the statute required that a report be made to the legislature no later than February 1, 2006, to determine whether problems had been noted or whether changes should be made to the law.

While the Bureau has seen a modest increase in the number of inquiries received from industry as well as in applications for licensing, we have received no consumer complaints to date.

The following breakdown of information concerns the years 2004 and 2005:

### **Licensing activity**

Three entities have become licensed as settlement providers in Maine:

Coventry First LLC	License effective April 1, 2002
Habersham Funding LLC	License effective July 18, 2005
Maple Life Financial Inc.	License effective October 24, 2005

Three more entities have applied and their applications are currently pending:

Abacus Settlements, LLC (Application received in May 2005). The application review has required extensive communication between the Bureau and the applicant and is still under review.

FairMarket Life Settlements Corp. (Application received in November 2005). The Bureau has concluded preliminary review and has requested some further information from the applicant.

Progressive Capital Solutions LLC (Application received in November 2005). The application is currently under review.

### **Transaction activity**

Licensed settlement providers are required to report to the Superintendent by March 1<sup>st</sup> of each year all settlement transactions in Maine. No settlement transactions have been reported in Maine for 2004. Statistics relative to 2005 activity are due to be reported by March 1, 2006.

### **Consumer issues**

The Bureau has not received any consumer complaints or other inquiries pertaining to viatical or life settlements.

### **Rulemaking activity**

The Bureau has commenced the rulemaking process for the purpose of updating existing standards regarding viatical settlements and adopting standards to regulate life settlements. The hearing for this proposed rule is scheduled for February 8, 2006.

**Summary**

During the relatively short period of time in which life settlement transactions have been authorized, the Bureau has not received complaints or observed major issues. Accordingly, no amendments to existing law are recommended at this time.

Sincerely,

Alessandro A. Iuppa  
Superintendent of Insurance

CC: Members of the Joint Standing Committee on Insurance and Financial Services